

LIVINGSTON PARISH LIBRARY COMMISSION

REPORT ON AUDIT OF COMPONENT UNIT
FINANCIAL STATEMENTS

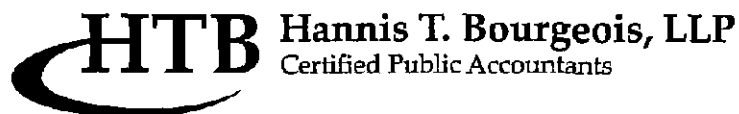
DECEMBER 31, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/15/09

CONTENTS

Independent Auditor's Report.....	Page 1 - 2
Required Supplemental Information:	
Management's Discussion and Analysis.....	3 - 7
Government-Wide Financial Statements:	
Statement of Net Assets.....	8
Statement of Activities.....	9
Fund Financial Statements:	
Balance Sheet - Governmental Fund.....	10
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets.....	11
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund.....	12 - 13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Fund to the Statement of Activities.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund.....	15 - 16
Notes to Financial Statements.....	17 - 26
Other Supplementary Information:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Component Unit Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	27 - 28
Schedule of Findings and Responses.....	29 - 30
Summary Schedule of Prior Year Findings.....	31



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June 5, 2009

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Livingston Parish Library Commission
Livingston, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund of the Livingston Parish Library Commission, a component unit of the Livingston Parish Council as of and for the year ended December 31, 2008, which collectively comprise the Commission's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Livingston Parish Library Commission, as of December 31, 2008, and the budgetary comparison for the General Fund, and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated June 5, 2009, on our consideration of Livingston Parish Library Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages three through seven are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

Hannu L. Bourgeois, CPA

Livingston Parish Library Commission
13986 Florida Blvd
Livingston, LA 70754

Management's Discussion and Analysis
As of and for the Year Ended December 31, 2008

General Information

The Livingston Parish Library Commission is a public library established in 1946 to assemble, organize, maintain and make easily available a collection of books and other materials to provide for the recreational, informational, and educational needs of the citizens of the parish of Livingston.

Management's discussion and analysis (MD&A) is a required element of the new reporting model adopted by the Governmental Accounting Standard's Board (GASB) in their statement number 34. Its purpose is to provide an overview of the financial activities of the Livingston Parish Library Commission based on currently known facts, decisions, or conditions. The basic financial statements include: (1) Government-Wide financial statements, (2) Fund financial statements and (3) Notes to the Basic Financial Statements.

Government-Wide Financial Statements

The Parish Library's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Parish Library's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector, with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Parish Library's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Parish Library as a whole is improving or deteriorating. Evaluation of the overall health of the Parish Library would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of Parish Library infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Parish Library's net assets changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Parish Library's distinct activities or functions on revenues provided by the Parish Library's taxpayers.

The Government -Wide financial statements are presented on pages 8 and 9 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Parish Library uses a single fund to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Parish Library's only fund, the general fund.

The Parish Library uses only one fund type:

The Governmental fund is reported in the fund financial statements and encompasses the same function reported as governmental activities in the governmental-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Parish Library's governmental fund. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus included the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 10-16 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 17 of this report.

Financial Highlights

Ad valorem taxes reflect a 10.00 mill tax approved by the voters in 2005. The ad valorem tax expires in 2014. This 10.00 mills resulted in \$3,210,721 in ad valorem receipts collected in fiscal year 2008 and \$2,648,560 for 2007.

Total revenue reflected is \$3,689,625 for 2008 and \$3,151,970 for 2007. This revenue includes parish ad valorem taxes, state revenue sharing, interest, grant funds, charges for photocopies and faxes, gifts, and fines.

Library expenditures for 2008 total \$2,753,043 and totaled \$2,542,623 for 2007. Overall, the net expenditures were up \$210,420 due to the increase in operational expenses .

Increases in salary expense and related benefits pushed the Administration expenses higher by approximately \$152,000 due to annual wage/salary increases and additional staff hired as well as all new facilities being in operation for all of 2008. In addition, the operating services expenditures in 2008 increased by approximately \$132,000 for the same reason. Capital Outlay increased by approximately \$80,000 due to the purchase of computer equipment, a cargo van and library books.

Revenue

The library's revenue consists of a parish-wide property tax of 10.00 mills, state revenue sharing, state aid to public libraries, interest earnings, gifts, and miscellaneous fees and forfeitures.

In 2008, the Livingston Parish Library Commission experienced a growth of 21.23% in ad valorem tax revenue. Interest income has decreased substantially as rates have fallen dramatically. Fines and Lost Book income increased due to the increase in usage of the new facilities. Grant revenue increased due to an increase in the State Aid Grant amount distributed by the State Library, and an increase in the amount funded through the Arts Council grant. There was also an increase in the Donations.

Expenditures

Expenditures include: library administration - personnel salaries and benefits; operating services - utilities, communications, maintenance of grounds, buildings, and equipment, insurance on facilities, grounds and vehicles; materials and supplies - office, buildings, grounds, vehicle, and machinery and equipment, major repairs, and library materials; intergovernmental expenditures - contributions to retirement systems and intergovernmental service charges.

Library Administration

Administration costs increased due to increased salaries and employee benefit rates and increase in the number of salaried employees as the Commission accommodates the increase of patronage caused by the opening of new facilities and increased service hours.

Capital Outlay

Capital Outlay increased due to construction-related final payments and computer purchases in 2008.

Intergovernmental Expenditures

Contributions to Retirement Systems as a cost of collecting property taxes increased again in 2008 as the amount of property taxes collected increased. Intergovernmental transfers out decreased as all of the new facilities were completed in 2007.

Overview of the Financial Statements

Livingston Parish Library - Operations and Maintenance

			Increases (Decreases)
<u>Operating Revenues by Source</u>	2008	2007	
Ad Valorem	\$ 3,210,721	\$2,648,560	\$ 562,161
State Revenue Sharing	141,479	129,386	12,093
Grants	80,440	76,579	3,861
Fines and Fees	49,976	36,390	13,586
Donations	4,071	646	3,425
Interest Income	167,040	230,720	(63,680)
Other Revenues	35,898	29,689	6,209
Total Revenues	3,689,625	3,151,970	537,655
<u>Operating Expenditures by Purpose</u>			
Library Administration	1,693,013	1,540,987	152,026
Operating Services	454,029	321,311	132,718
Travel	2,724	5,090	(2,366)
Capital Outlay	403,587	323,185	80,402
Materials and Supplies	73,009	61,184	11,825
Intergovernmental Expenditures	126,681	290,866	(164,185)
Total Operating Expenditures	2,753,043	2,542,623	210,420
Excess (Deficiency) of Revenues over Expenditures	\$ 936,582	\$ 609,347	\$ (327,235)

Variations Between Original and Final Budgets

The original and final budgets varied somewhat. The total revenue budget was increased by \$369,981. *Property Tax Revenues* were increased by \$473,000 due to the increased assessed values for 2008. *Interest Income* was decreased by \$163,100 due to dramatically falling interest rates on certificates of deposits. Other income was increased by \$30,011 due to increased library usage while remaining revenue sources changed only slightly.

The total expenditure budget was increased by \$161,688. Increases occurred in Library Administration of \$9,003 and in operating services of \$87,433. Each of these increases was due to the increased cost of operations because of the increased usage of the facilities. Also, the capital outlay budget was increased by \$53,558.

Capital Asset and Debt Administration

Capital Assets. The Library's investment in capital assets as of December 31, 2008, amounts to \$2,465,113 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and the Library collection. The total increase in the Library's investment in capital assets for the current fiscal year was 5%. Current year asset additions amounted to \$403,587 while depreciation expense for the year was \$284,524, thereby, increasing the investment in capital assets by \$119,063.

Livingston Parish Library Commission Schedule of Capital Assets Net of Depreciation

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Balance at December 31, 2008</u>
Land	\$ 938,427	\$ -	\$ 938,427
Building	568,671	182,614	386,057
Furniture and Equipment	479,812	343,045	136,767
Vehicles	31,899	18,695	13,204
Library Collection	<u>2,133,343</u>	<u>1,142,685</u>	<u>990,658</u>
	<u>\$4,152,152</u>	<u>\$1,687,039</u>	<u>\$2,465,113</u>

Additional information on the Library Commission's capital assets can be found in Note 3 on page 22 of this report.

Long-Term Debt. On March 1, 2004, General Obligation Bonds in the amount of \$8,900,000 were issued. The proceeds of these bonds were used to pay the cost of construction and acquiring and improving the public libraries of Livingston Parish. These bonds are payable from the annual levy and collection of ad valorem taxes on all the taxable property within the Parish as approved by the voters of Livingston Parish on October 4, 2003. The bonds were issued in the name of the Livingston Parish Council and hence are recorded on the books of the Livingston Parish Council. The Council administered the construction funds as they were spent on the construction of the new libraries. In addition, the Council will collect and administer the ad valorem taxes to be collected and used to repay the outstanding bonds. As of December 31, 2008, construction has been completed at each of the branch sites.

Economic Factors and Next Year's Budget

Capital Outlay expenditures may increase again in 2009, if the opportunity arises to purchase land for a new Main Branch in Livingston. New employees may be hired in 2009 to adequately staff the various branches as needed. This will continue to affect many parts of the budget including: salary expense, payroll taxes, retirement and group insurance. The materials expense may increase as well. All other aspects of the budget should remain relatively the same.

Conclusion

The Library Commission is maintaining its level of service to the community by continuing to offer public programming and services. Library staff has increased to accommodate the rising use and population in the parish. The five library branches that serve the public are all operational and open, with expanded hours, to serve patrons. The library will have 136 computers available for library users, as well as expanded book, audio/video, and periodical collections. Library programs will increase in the future while continuing to offer computer classes, online databases, children's programs and events.

The annual operations and maintenance budget enables the library to provide building and ground maintenance, insurance, staffing, services, resources, and materials to continue serving the needs of Livingston Parish's citizens.

Contacting the Livingston Parish Library

This financial report is designed to provide a general overview of the Livingston Parish Library Commission's finances for those with an interest in the Library's financial position and operations. Questions about this report or requests for additional information may be sent to: Wendy Bobo, Library Director, Livingston Parish Library, P.O. Box 397, Livingston, LA 70754.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LIVINGSTON PARISH LIBRARY COMMISSION

STATEMENT OF NET ASSETS

DECEMBER 31, 2008

(With Comparative Totals as of December 31, 2007)

ASSETS

	Governmental Activities	
	2008	2007
Cash and Cash Equivalents	\$ 575,558	\$ 821,587
Investments (Certificates of Deposit - Maturity Greater Than 90 Days)	4,250,000	2,750,000
Property Tax Receivables	3,189,122	2,602,870
Due From Other Governments	49,442	966,514
Other Receivables	31,101	3,382
Prepaid Expenses	47,128	17,572
Deposits	15	15
Capital Assets (Net of Accumulated Depreciation)	2,465,113	2,347,636
Total Assets	<u>\$ 10,607,479</u>	<u>\$ 9,509,576</u>

LIABILITIES

Accounts Payable	49,429	54,089
Property Tax Deductions Payable	124,606	110,424
Accrued Payroll	10,570	5,092
Long-Term Liabilities Due Within One Year	21,287	44,063
Total Liabilities	205,892	213,668

NET ASSETS

Investment in Capital Assets	2,465,113	2,347,636
Unrestricted	7,936,474	6,948,272
Total Net Assets	<u>10,401,587</u>	<u>9,295,908</u>
Total Liabilities and Net Assets	<u>\$ 10,607,479</u>	<u>\$ 9,509,576</u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH LIBRARY COMMISSION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2008
(With Comparative Totals For the Year Ended December 31, 2007)

<u>Governmental Activities:</u>	Governmental Activities	
	2008	2007
Expenses:		
Library Services:		
Salaries, Fees Paid and Benefits	\$ 1,670,237	\$ 1,543,657
Operating Services	425,185	321,311
Travel	2,724	5,090
Library Materials and Supplies	73,009	61,184
Intergovernmental	126,681	290,866
Depreciation	284,524	271,362
Total Expenses	2,582,360	2,493,470
Program Revenues:		
Fees, Fines and Other Charges for Services	49,976	36,390
Grants	80,440	76,579
Net Program Expense	2,451,944	2,380,501
General Revenues:		
Taxes - Property	3,210,721	2,648,560
State Revenue Sharing	141,479	129,386
Interest Income	167,040	230,720
Donations	4,071	646
Net Gain (Loss) on Disposal of Assets	(1,586)	-
Other	35,898	29,689
Total General Revenues	3,557,623	3,039,001
Change in Net Assets	1,105,679	658,500
Net Assets - Beginning of Year	9,295,908	8,637,408
Net Assets - End of Year	\$ 10,401,587	\$ 9,295,908

The accompanying notes constitute an integral part of this statement.

FUND FINANCIAL STATEMENTS

LIVINGSTON PARISH LIBRARY COMMISSION

BALANCE SHEET - GOVERNMENTAL FUND

DECEMBER 31, 2008

(With Comparative Totals as of December 31, 2007)

ASSETS

	Governmental Funds	
	2008	2007
Assets:		
Cash and Cash Equivalents	\$ 575,558	\$ 821,587
Investment (Certificate of Deposit - Maturity Greater Than 90 Days)	4,250,000	2,750,000
Property Tax Receivables	3,189,122	2,602,870
Due From Other Governments	49,442	966,514
Other Receivables	31,101	3,382
Prepaid Expenses	18,284	17,572
Deposits	15	15
Total Assets	<u>\$ 8,113,522</u>	<u>\$ 7,161,940</u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts Payable	\$ 49,429	\$ 54,089
Property Tax Deductions Payable	124,606	110,424
Accrued Payroll	10,570	5,092
Total Liabilities	<u>184,605</u>	<u>169,605</u>
Fund Balance:		
Reserved for Prepaid Expenses	18,284	17,572
Unreserved	<u>7,910,633</u>	<u>6,974,763</u>
Total Fund Balance	<u>7,928,917</u>	<u>6,992,335</u>
Total Liabilities and Fund Balance	<u>\$ 8,113,522</u>	<u>\$ 7,161,940</u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH LIBRARY COMMISSION

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

DECEMBER 31, 2008
(With Comparative Totals as of December 31, 2007)

	<u>2008</u>	<u>2007</u>
Fund Balances - Total Governmental Fund	\$ 7,928,917	\$ 6,992,335
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Governmental Capital Assets	4,152,152	3,867,687
Less: Accumulated Depreciation	<u>(1,687,039)</u>	<u>(1,520,051)</u>
	2,465,113	2,347,636
Prepaid Insurance	28,844	-
Long-Term Liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds:		
Compensated Absences Payable	<u>(21,287)</u>	<u>(44,063)</u>
Net Assets of Governmental Activities	\$ <u>10,401,587</u>	\$ <u>9,295,908</u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH LIBRARY COMMISSION

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND**

FOR THE YEAR ENDED DECEMBER 31, 2008
(With Comparative Totals for The Year Ended December 31, 2007)

	Governmental Fund	
	2008	2007
Revenues:		
Taxes - Property	\$ 3,210,721	\$ 2,648,560
Fines/Lost Books	49,976	36,390
Grants	80,440	76,579
State Revenue Sharing	141,479	129,386
Interest Income	167,040	230,720
Donations	4,071	646
Other	35,898	29,689
Total Revenues	3,689,625	3,151,970
Expenditures:		
Library Administration		
Salaries, Fees Paid and Benefits:		
Salaries	1,375,871	1,230,525
Payroll Tax Expense	104,936	95,811
Group Insurance	136,944	143,488
Penalties and Interest	921	985
Retirement Expense	69,343	61,458
Workman's Compensation and Unemployment	4,998	8,720
	1,693,013	1,540,987
Operating Services:		
Dues and Subscriptions	10,275	1,999
Insurance	81,856	40,772
Legal and Accounting	16,730	12,780
Miscellaneous	2,864	2,267
Postage	2,138	2,083
Repairs and Maintenance	137,313	82,764
Rent	7,200	9,690
Software Purchases	7,528	11,674
Telephone	15,289	13,641
Utilities	172,836	143,641
	454,029	321,311

(CONTINUED)

LIVINGSTON PARISH LIBRARY COMMISSION

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2008
(With Comparative Totals for The Year Ended December 31, 2007)**

	<u>Governmental Fund</u>	
	<u>2008</u>	<u>2007</u>
Expenditures (Continued):		
Travel	2,724	5,090
Capital Outlay	403,587	323,185
Library Materials and Supplies:		
Library Books and Periodicals (not capitalized)	4,786	6,216
Office Supplies	57,010	41,179
Summer Reading Program	11,213	13,789
	<u>73,009</u>	<u>61,184</u>
Intergovernmental:		
Contributions to Retirement System	124,606	110,424
Intergovernmental Transfer Out	2,075	180,442
	<u>126,681</u>	<u>290,866</u>
Total Expenditures	<u>2,753,043</u>	<u>2,542,623</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	936,582	609,347
Fund Balance - Beginning of Year	<u>6,992,335</u>	<u>6,382,988</u>
Fund Balance - End of Year	<u><u>\$ 7,928,917</u></u>	<u><u>\$ 6,992,335</u></u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH LIBRARY COMMISSION

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 31, 2008
(With Comparative Totals For the Year Ended December 31, 2007)

	<u>2008</u>	<u>2007</u>
Net Change in Fund Balance - Total Governmental Fund	\$ 936,582	\$ 609,347
 Amounts reported for governmental activities in the statement of activities are different because:		
 Governmental funds report capital outlays as expenditures. In the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
	119,063	51,823
Add accumulated depreciation on capital assets retired during the year	117,536	-
Less cost basis of capital assets retired during the year	(119,122)	-
 Expenditures reported in the governmental funds that required the use of current resources that are not reported in the statement of activities:		
Change in prepaid insurance	28,844	-
 The liability and expense for compensated absences are not reported in governmental funds. Payments for compensated absences are reported as salaries when they occur. Only the payment consumes current financial resources, and it would take a catastrophic event for this liability to become a current liability. This is the net (increase) decrease in compensated absences.		
	<u>22,776</u>	<u>(2,670)</u>
Change in Net Assets of Governmental Activities	\$ <u>1,105,679</u>	\$ <u>658,500</u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH LIBRARY COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Taxes - Property	\$ 2,700,000	\$ 3,173,000	\$ 3,210,721	\$ 37,721
Fines/Lost Books	35,000	47,300	49,976	2,676
Grants	80,252	78,496	80,440	1,944
State Revenue Sharing	123,114	141,930	141,479	(451)
Interest Income	230,000	66,900	148,790	81,890
Interest Income- Prop. Taxes	20,000	17,700	18,250	550
Other Income	26,500	56,511	35,898	(20,613)
Donations	1,000	4,010	4,071	61
Total Revenues	3,215,866	3,585,847	3,689,625	103,778
Expenditures:				
Library Administration				
Salaries, Fees Paid and Benefits:				
Salaries	1,300,000	1,301,239	1,375,871	(74,632)
Payroll Tax Expense	99,500	101,648	104,936	(3,288)
Group Insurance	160,000	145,087	136,944	8,143
Penalties and Interest	-	576	921	(345)
Retirement Expense	78,000	102,955	69,343	33,612
Workman's Compensation and Unemployment	10,000	4,998	4,998	-
	1,647,500	1,656,503	1,693,013	(36,510)
Operating Services:				
Dues and Subscriptions	1,800	3,716	10,275	(6,559)
Insurance	50,000	83,814	81,856	1,958
Legal and Accounting	12,000	16,570	16,730	(160)
Miscellaneous	2,800	3,141	2,864	277
Postage	2,000	2,115	2,138	(23)
Repairs and Maintenance	81,200	156,583	137,313	19,270
Rent	7,200	7,200	7,200	-
Software Purchases	2,000	4,195	7,528	(3,333)
Telephone	17,000	13,896	15,289	(1,393)
Utilities	206,900	179,103	172,836	6,267
	382,900	470,333	454,029	16,304

(CONTINUED)

LIVINGSTON PARISH LIBRARY COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND - (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Expenditures (Continued):				
Travel	4,000	2,790	2,724	66
Capital Outlay	423,480	477,038	403,587	73,451
Library Materials and Supplies:				
Library Books and Periodicals (not capitalized)	9,000	4,787	4,786	1
Office Supplies	40,500	46,504	57,010	(10,506)
Summer Reading Program	13,000	11,213	11,213	-
	62,500	62,504	73,009	(10,505)
Intergovernmental:				
Contributions to Retirement System	122,000	135,000	124,606	10,394
Intergovernmental Transfer Out	-	-	2,075	(2,075)
	122,000	135,000	126,681	8,319
Total Expenditures	2,642,380	2,804,168	2,753,043	51,125
Excess (Deficiency) of Revenues Over (Under) Expenditures	573,486	781,679	936,582	154,903
Fund Balance - Beginning of Year	6,992,335	6,992,335	6,992,335	-
Fund Balance - End of Year	<u>\$ 7,565,821</u>	<u>\$ 7,774,014</u>	<u>\$ 7,928,917</u>	<u>\$ 154,903</u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH LIBRARY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2008

(1) Summary of Significant Accounting Policies -

The Livingston Parish Library Commission "the Commission" is a body corporate created by the Livingston Parish Council, as provided by Louisiana Revised Statutes. The Commission is governed by a board of eight commissioners who are appointed by the Livingston Parish Council.

The financial statements of the Commission have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB), is the standard-setting body for governmental accounting and financial reporting. On June 30, 2008, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

A. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Commission's Board of Commissioners. Control by or dependence on the board was determined on the basis of taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

In conformance with Governmental Accounting Standards Board, Statement 14, the Commission is a component unit of the Livingston Parish Council, the governing body of the parish. The accompanying financial statements present information only on the fund and account group maintained by the Commission and do not present information on the Council and the general government services provided by that governmental unit.

B. Basis of Presentation

Basic Financial Statements - Government-Wide Statements

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. There were no activities of the Library categorized as a business-type activity.

LIVINGSTON PARISH LIBRARY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

(1) Summary of Significant Accounting Policies - (Continued) -

In the government-wide Statement of Net Assets, the governmental activity column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis.

The government-wide Statement of Activities reports both the gross and net cost of the Library's function. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (taxes, interest and investment earnings, etc).

The Library does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Library as an entity and the change in the Library's net assets resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements

The financial transactions of the Library are reported in an individual fund in the fund financial statements. This fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. This fund is reported by generic classification within the financial statements.

The Library uses the following fund type:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Library:

- 1) The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund. At December 31, 2008, it is the only fund of the Library.

LIVINGSTON PARISH LIBRARY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

(1) Summary of Significant Accounting Policies - (Continued) -

C. Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual -

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the Library consist principally of property taxes, state revenue sharing and interest income. Interest income is recorded when earned. Property taxes are recorded as revenues when levied even though a portion of the taxes may be collected in subsequent years. State Revenue Sharing is recorded when made available.

2. Modified Accrual -

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund type revenues. Expenditures are recorded when the related fund liability is incurred. Depreciation is not recognized in the Governmental Fund Financial Statements.

D. Capital Assets

Capital assets are reported in the government-wide financial statements at historical cost. Additions, improvements or other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight line basis over the following estimated useful lives:

Library collection	7 years
Computer equipment	5 years
Office furniture and equipment	5 to 10 years
Buildings	40 years
Vehicles	5 years

LIVINGSTON PARISH LIBRARY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

(1) Summary of Significant Accounting Policies - (Continued) -

E. Budgetary Practices

The Commission utilizes the following budgetary practices:

The Director prepares the annual budget, which is based on what is expected to be collected and/or levied during the fiscal year and is approved by the Board of Commissioners. The adopted budget constitutes the authority of the Director to incur liabilities and authorize expenditures from the respective budgeted funds. Additionally, certain expenditures are approved by the Board before payment.

The original budget was adopted on December 13, 2007 and the final amended budget was adopted on December 12, 2008, during open meetings of the Board of Commissioners. All budget amounts presented in the financial statements have been adjusted for legally authorized revisions of the annual budget during the year. Appropriations, except encumbrances, lapse at the end of each year.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. At December 31, 2008, the Library had no outstanding debt. See Note (10) concerning general obligation bonds issued by the Livingston Parish Council for the construction of new libraries within Livingston Parish.

LIVINGSTON PARISH LIBRARY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

(2) Property Taxes -

On April 23, 2005, an election was held whereby the voters of Livingston Parish approved a 10 year 10.00 mill ad valorem tax assessed on all property subject to taxation in Livingston Parish for the purpose of "acquiring, contracting, improving, maintaining and operating the Livingston Parish Library." The tax began with the year 2005 and ends with the year 2014.

Property taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

The Commission's taxes are collected by the Livingston Parish Tax Collector and are remitted to the Commission monthly. The Commission pays the Assessor's Office a fee for this service.

For the year 2008, taxes of 9.1 mills were levied on property with assessed valuations totaling \$363,207,300.

Total taxes assessed and taxes receivable at December 31, 2008, are as follows:

	<u>General Operations 9.1 Mills</u>
Property Tax Assessed	\$ 3,305,186
Less: Current Amounts Deemed Uncollectible	<u>(115,681)</u>
Net 2008 Property Taxes Deemed Collectible	3,189,505
Additional Prior Year Taxes Collected in 2008	<u>21,216</u>
Net Property Tax Revenues	<u>\$ 3,210,721.</u>

(CONTINUED)

LIVINGSTON PARISH LIBRARY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

	General Operations <u>9.1 Mills</u>
Net Property Taxes Deemed Collectible	\$ 3,189,505
Less: Amounts Collected Prior to December 31, 2008	<u>(780)</u>
Taxes Receivable - Current Year	3,188,725
Prior Year Tax Receivable at December 31, 2007	2,602,871
Less: Prior Year Tax Collected in 2008	(2,625,595)
Additional Prior Year Taxes Collected in 2008	21,216
Refunds	<u>1,905</u>
Taxes Receivable - Prior Year	<u>397</u>
Total Property Taxes Receivable at December 31, 2008	<u><u>\$ 3,189,122</u></u>

(3) Changes in Capital Assets -

Capital asset activity for the year ended December 31, 2008 is as follows:

	Balance <u>December 31, 2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>December 31, 2008</u>
<u>Governmental Activities</u>				
Furniture and Equipment	\$ 540,533	\$ 19,448	\$ (80,169)	\$ 479,812
Building	534,214	34,457	-	568,671
Vehicles	16,365	15,534	-	31,899
Library Collection	1,838,148	334,148	(38,953)	2,133,343
Land	<u>938,427</u>	<u>-</u>	<u>-</u>	<u>938,427</u>
Totals	3,867,687	403,587	(119,122)	4,152,152
Less Accumulated Depreciation for:				
Furniture and Equipment	364,180	57,448	(78,583)	343,045
Building	165,746	16,868	-	182,614
Vehicles	16,365	2,330	-	18,695
Library Collection	<u>973,760</u>	<u>207,878</u>	<u>(38,953)</u>	<u>1,142,685</u>
Total Accumulated Depreciation	<u>1,520,051</u>	<u>284,524</u>	<u>(117,536)</u>	<u>1,687,039</u>
Capital Assets, Net	<u><u>\$ 2,347,636</u></u>	<u><u>\$ 119,063</u></u>	<u><u>\$ (1,586)</u></u>	<u><u>\$ 2,465,113</u></u>

LIVINGSTON PARISH LIBRARY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

(4) Cash and Cash Equivalents and Certificates of Deposit -

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit with maturities of three months or less from the date of acquisition. The Commission also invests funds in certificates of deposit which have maturity dates greater than 90 days when purchased and are therefore classified as certificates of deposit. Under state law the Commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the Commission may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As confirmed by the fiscal agents, the Commission had cash and certificates of deposit totaling \$4,863,168 with a carrying amount of \$4,825,558 at December 31, 2008. Cash and certificates of deposit are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The following is a summary of cash and certificates of deposit at December 31, 2008:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Deposits in Bank Accounts per Balance Sheet	\$ 575,558	\$4,250,000	\$4,825,558
Bank Balances (Category 3 Only):			
a. Uninsured and Uncollateralized	\$ -	\$ -	\$ -
b. Uninsured and Collateralized with Securities Held by the Pledging Institution	-	-	-
c. Uninsured and Collateralized with Securities Held by the Pledging Institution's Trust Department or Agent, but not in the Entity's Name	<u>554,257</u>	<u>4,058,911</u>	<u>4,613,168</u>
Total Category 3 Bank Balances	<u>554,257</u>	<u>4,058,911</u>	<u>4,613,168</u>
Total Bank Balances (Regardless of Category)	<u>\$ 584,294</u>	<u>\$4,278,874</u>	<u>\$4,863,168</u>

LIVINGSTON PARISH LIBRARY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Library deposits may not be returned to it. As of December 31, 2008, \$4,613,168 of the Library's bank balance of \$4,863,168 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entities name.

(5) Litigation -

There is no litigation pending against the Commission.

(6) Compensated Absences and Other Postemployment Benefits -

At December 31, 2008, the Commission has no plan or provision for other post employment benefits. Vacation time can be accumulated up to 40 hours at year end. Any hours in excess of this maximum amount must be taken by the end of the year or is forfeited. Sick leave can be accumulated from year to year but is not paid upon retirement or termination. Overtime is accumulated and is used as time allows. Overtime accumulated is not paid until retirement or termination.

The following reflects the change in Compensated Absences at December 31, 2008.

Balance at December 31, 2007	\$ 44,063
Net Decrease	<u>(22,776)</u>
Balance at December 31, 2008	<u>\$ 21,287</u>

At December 31, 2008, the balance of \$21,287 is reflected as Long-Term Liabilities Due Within One Year on the Statement of Net Assets and is not included on the Fund Financial Statement.

(7) Pension Plan -

Substantially all employees of the Livingston Parish Library Commission are members of the Parochial Employees Retirement System of Louisiana (System), a multiple employer public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Commission are members of Plan B.

LIVINGSTON PARISH LIBRARY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

(7) Pension Plan (Continued) -

All permanent employees working at least 28 hours per week who are paid wholly or in part from Library funds, are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service, or at or after age 55 with 30 years of creditable service, are entitled to a retirement benefit, payable monthly for life, equal to 2 per cent of their final-average salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 per cent for each year retirement precedes age 63. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 per cent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Contributions to the System include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute currently requires employees covered by Plan B to contribute three percent of their salaries in excess of \$100 per month to the System.

The following provides certain disclosures for the Library Commission and the retirement system that are required by GASB Codification:

Plan B

December 31, 2008

Contribution Rates:

Employees	3.00%
Employer	6.00%

Trend Information:

Contributions required by State statute.

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2002	\$ 7,964	100%
2003	\$14,343	100%
2004	\$24,684	100%
2005	\$35,148	100%
2006	\$45,418	100%
2007	\$61,458	100%
2008	\$69,343	100%

LIVINGSTON PARISH LIBRARY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

Trend information showing the progress of the System in accumulating sufficient assets to pay benefits when due is presented in its annual financial reports. Copies of these reports may be obtained from the Parochial Employees Retirement System of Louisiana.

(8) Rental Expense -

The Commission leased certain facilities for part of 2008. These leases were month to month operating leases and there are no formal written lease agreements. The total rental expense included in these financial statements for the year ended December 31, 2008 is \$7,200.

(9) Schedule of Compensation Paid Board Members -

Jo Ann Graul, President	\$ -
Sue Blanchard, Vice President	-
Michael Grimmer, Ex-Officio Member	-
Katherine deGeneres	-
Shirley McDonald	-
Juanette Courtney	-
Ronald Bencaz	-
Edward J. Ryan	-
	<hr/>
	\$ -

The term of each board member is five years.

(10) Bonds Payable -

On October 4, 2003, the voters of Livingston Parish approved the issuance of \$8,900,000 (Series 2004) General Obligation Bonds. The proceeds of these bonds were used to pay the cost of construction and acquiring and improvement of public libraries for the Parish, and acquiring the necessary land, equipment and furnishings. These bonds will be payable from the annual levy and collection of unlimited ad valorem taxes on all the taxable property within the Parish. These bonds were issued on March 1, 2004 with scheduled maturities through 2024. The bonds were issued in the name of the Livingston Parish Council and hence are recorded on the books of the Livingston Parish Council. The Council will administer the construction funds as they are spent on the construction of the new libraries. In addition, the Council will collect and administer the ad valorem taxes to be collected and used to repay the outstanding bonds. At December 31, 2008, the Livingston Parish Council has spent the \$8.9 million on the construction of new libraries from the bond proceeds. In addition, at December 31, 2008, the Library Commission has transferred an accumulated amount of \$2,682,517 (\$2,500,000 in 2006, \$180,442 in 2007 and \$2,075 in 2008) of its funds to the Livingston Parish Council to assist the Parish Council in the completion of the construction costs.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF THE COMPONENT UNIT
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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June 5, 2009

Board of Commissioners
Livingston Parish Library Commission
Livingston, Louisiana

We have audited the financial statements of the governmental activities and the major fund of the Livingston Parish Library Commission, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2008, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated June 5, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Library Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data

reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described as items 2008-1, 2008-2, and 2008-3 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described in 2008-1 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our audit tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Commission's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Commission's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Hannu J. Bourgeois, CPA

LIVINGSTON PARISH LIBRARY COMMISSION

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2008

CURRENT YEAR FINDINGS:

Findings - Internal Control Over Financial Reporting:

Finding 2008-1 - Failure to Reconcile Cash Account

During our testing of cash, it was noted that the Library was in the process of correctly reconciling the bank statement to the general ledger, however, the Library is still not verifying the bank reconciliation balances they prepare in Quickbooks to the general ledger, leading to a difference between the Quickbooks reconciliation and the amount in the general ledger. We located the difference and management adjusted the general ledger accordingly. This is the second consecutive year for this finding. It was also noted that the bank statements are not being reconciled to the general ledger on a timely basis. The December 2008 bank statement was not reconciled to the general ledger until April 2009.

Recommendation:

We recommend that all reconciliations be performed on a timely basis and that the reconciliations be performed carefully and properly. Any differences between book balance and bank balance should be investigated and corrected on the books or with the bank, immediately.

Management's Response:

Library management will be more vigilant with bank reconciliations to ensure that they are performed in a timely manner and with great care so they are recorded properly each month. Any necessary differences will be investigated and corrected immediately.

Finding 2008-2 - No Pay Rate Documentation:

During our payroll test, it was noted that one employee did not have any pay rate documentation in his file. Therefore, we could not determine if the employee was properly compensated. All other employees had pay rate documentation in their respective file.

Recommendation:

We recommend that the Library make sure all employees have an approved pay rate sheet, signed by the client and the employee. This will enable an auditor to determine if the employee is being properly compensated and will help to avoid any potential disagreements between the client and their employees regarding rate of pay.

LIVINGSTON PARISH LIBRARY COMMISSION

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2008

Management's Response:

The employee in question is a 4 hour per week employee who substitutes for hours on Fridays and hours during the summer months to compensate for staff member vacations. She was simply overlooked when the personnel forms were signed. Her lack of personnel form has been corrected for 2009.

Finding 2008-3 – Penalty and Interest Payments to IRS, LDR, and Parochial Employees' Retirement System of Louisiana

During our review of cash disbursements, it was noted that penalties and interest of \$3 was paid to the IRS due to an original underpayment, \$149 was paid to the LDR due to mistakes made on the LDR online payment system, and \$769 was paid to the Parochial Employees' Retirement System of Louisiana due to late payment.

Recommendation

We recommend that the Library ensure that all payments made to the IRS, LDR, and Parochial Employees' Retirement System of Louisiana be made for the correct amount and on time.

Management's Response

The Parochial penalties in the findings are due to the transition of a new bookkeeper who was unaware of the need to have the Parochial payment received by the 15th of each month rather than simply postmarked by the 15th of each month. The first late payment was late due to the fact that the new bookkeeper was unaware of the payment due date. The next payment arrived on the desk of the Parochial representative one day late, so the Library was charged penalties. This was corrected by the bookkeeper as soon as she realized her error. As for the IRS and LDR penalties, QuickBooks is used for accounting purposes for the Library. QuickBooks is not always 100% accurate with the calculations. Mistakes are not always immediately noticeable. The Library management will be more vigilant in its bookkeeping practices in the future to try to ensure that mistakes do not go uncorrected or accrue penalties.

LIVINGSTON PARISH LIBRARY COMMISSION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2008

PRIOR YEAR FINDINGS:

Findings - Internal Control Over Financial Reporting:

Finding 2007-1 - Failure to Reconcile Cash Account

During our testing of cash, it was noted that the Library was not verifying the bank reconciliation balances they prepared in Quickbooks to the General Ledger, leading to a difference between the Quickbooks reconciliation and the amount in the general ledger. The client could not explain the difference.

Recommendation:

We recommended that all reconciliations be performed on a timely basis and that the reconciliations be performed carefully and properly. Any differences between book balance and bank balance should be investigated and corrected on the books or with the bank, immediately.

Additional Current Year Recommendation:

See finding 2008-1 for the current year finding regarding the failure to reconcile the cash account.

Finding 2007-2 - Payments to IRS Without Supporting Documentation:

In the prior year, it was noted that the Library made several payments to the IRS for penalties and interest for filing late. The Library made these payments when they received a notice from the IRS or Department of Revenue, although the Library did not think they owed them. The Library would receive a refund for overpayment later in the prior year. However, these disbursements were made without documented proof or other documentation to determine the validity or reasonableness of such disbursements.

Recommendation:

We recommended that the Library only make disbursements based on documented proof or other documentation showing amounts owed, and after management has reviewed and approved invoices or documentation showing amounts owed.

Additional Current Year Recommendation:

See finding 2008-3 for the current year finding regarding the penalties and interest paid to the IRS, LDR, and Parochial Employees' Retirement System of Louisiana.